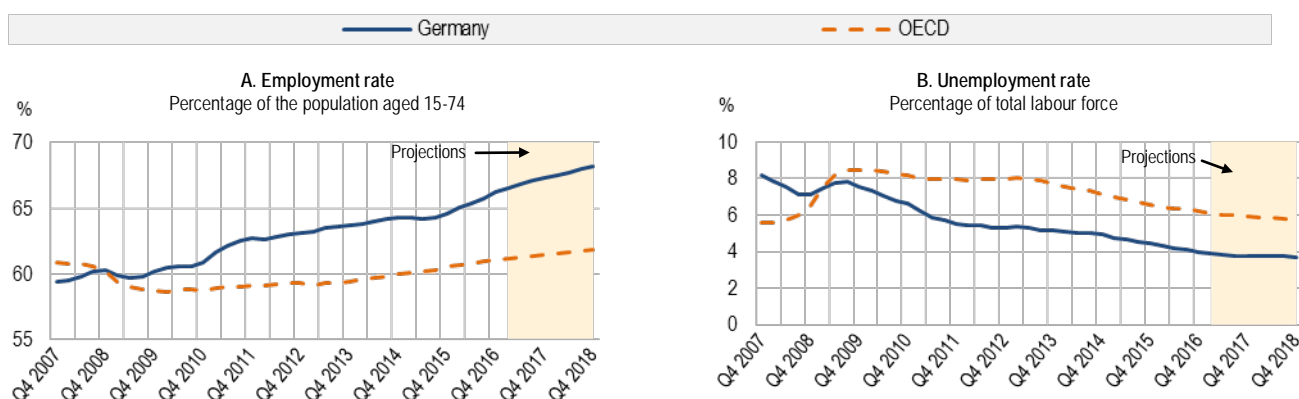


The 2017 edition of the OECD Employment Outlook provides an international assessment of recent labour market trends and short-term prospects. It also contains chapters on: benchmarking labour market performance based on the new OECD Jobs Strategy scoreboard; labour market resilience in the wake of the global crisis; the role of technological change and globalisation in transforming labour markets; and key country differences in collective bargaining arrangements.

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Labour market developments in Germany



Note: OECD weighted average.

Source: OECD calculations based on OECD Economic Outlook Database (No. 101), June 2017.

RECENT LABOUR MARKET TRENDS AND PROSPECTS

Labour market conditions continue to improve and the OECD average employment rate finally returned to its pre-crisis rate in 2016, nearly ten years after the global financial crisis erupted. The OECD-average unemployment rate continues its slow descent, but remains slightly above its pre-crisis level because employment has not increased enough to fully offset a rising trend in participation rates. The unemployment rate is projected to fall back to its pre-crisis level in late 2018 or early 2019. The recovery remains very uneven across countries and different groups within the workforce.

- By the end of 2016, employment in Germany had risen to 66% of the population aged 15-74, markedly higher than the OECD average of 61%. It is projected to continue to rise to 68% by the end of 2018, 9 percentage points above its pre-crisis level in 2007, driven importantly by an increase in part-time work.

- The unemployment rate in Germany at the end of 2016 was just below 4%, well below the OECD average of 6.2%.
- The introduction of the federal minimum wage on 1 January 2015 did not interrupt the decline in unemployment that has been underway for seven years now. Moreover, the unemployment rate is projected to continue to fall to 3.7% by the end of 2018, less than half its rate in 2007.
- Wage growth has been subdued, despite record-low unemployment and rising vacancies. Starting wages for immigrants are low and a large number of older workers and second earners have taken up low-pay jobs (so-called “mini-jobs”). However, nominal wage growth is projected to pick up from 2% in 2016 to 2.5% in 2018, on the back of falling unemployment and robust labour demand.

Scoreboard of labour market performance for Germany



Note: An upward ↗ (downward ↘) pointing arrow for an indicator means that higher (lower) values reflect better performance.

Earnings quality: Gross hourly earnings in USD adjusted for inequality. *Labour market insecurity*: Expected monetary loss associated with the risk of becoming unemployed as a share of previous earnings. *Job strain*: Percentage of workers in jobs characterised by a combination of high job demands and few job resources to meet those demands. *Low income rate*: Share of working-age persons living with less than 50% of median equivalised household disposable income. *Gender labour income gap*: Difference between average per capita annual earnings of men and women divided by average per capita earnings of men. *Employment gap for disadvantaged groups*: Average difference in the employment rate for prime-age men and the rates for five disadvantaged groups (mothers with children, youth who are not in full-time education or training, workers aged 55-64, non-natives, and persons with disabilities) as a percentage of the employment rate for prime-age men.

Source and definitions: OECD calculations using data for 2015 or latest year available from multiple sources. See [OECD Employment Outlook 2017](#), Table 1.2. for further details

NEW OECD SCOREBOARD SHOWS RELATIVE STRENGTHS AND WEAKNESSES OF THE GERMAN LABOUR MARKET

The 2017 issue of the *OECD Employment Outlook* presents a comparative scoreboard of labour market performance that provides a rich overview of the strengths and weaknesses of different national labour markets, going well beyond the standard measures of employment and unemployment rates. These include measures of job quality (pay, employment security, working environment) and labour market inclusiveness (income equality, gender equality, employment access for potentially disadvantaged groups). Some countries score well on most or all indicators, implying that there are no hard trade-offs that prevent countries from performing well in all areas.

- The German labour market scores well along most performance measures. Besides high employment and low unemployment, earnings quality (average earnings adjusted for inequality) is high and labour market insecurity is low (the risk and cost of job loss in terms of foregone income).
- Relative to the OECD average, the two main weaknesses in Germany's performance are a

higher share of jobs with excessive job strain and a larger gender labour income gap. The large gender labour income gap is mainly due to women working fewer hours than men. Reducing high taxes on secondary earners could increase the share of women working full-time and improve their career options. Rolling out full-day child care and full-day primary schools on a broad basis would make it easier for parents to reconcile family life and full-time employment.

- Employment and wages of disadvantaged groups should also be fostered, even if outcomes here are somewhat better than the OECD average. The employment rate of disadvantaged groups is still 20% lower than for prime-age men. Furthermore, the share of the working-age population on low incomes is twice the rate of the OECD top performer Iceland and higher than in France and Switzerland, for example.

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